

## Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 HA-05 NSCE-00 ICAE-00 INRE-00  
AID-05 CIAE-00 COME-00 FRB-03 INR-10 NSAE-00  
TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01  
SS-15 STR-07 CEA-01 DODE-00 PA-01 L-03 PM-05  
ACDA-12 EUR-12 MCE-00 IO-13 SSO-00 /124 W  
-----060091 191754Z /42

O 191555Z AUG 78  
FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC IMMEDIATE 3457

C O N F I D E N T I A L SECTION 1 OF 2 CARACAS 7750

E.O. 11652: GDS  
TAGS: SHUM EGEN EAID PROG VE  
SUBJECT: HUMAN RIGHTS AND MULTILATERAL DEVELOPMENT BANKS -  
VENEZUELAN VIEWS

REF: STATE 198043

SUMMARY: STATE TREASURY TEAM CONVERSATIONS WITH KEY GOV OFFICIALS  
ELICITED STRONG VENEZUELAN SUPPORT FOR USG HUMAN RIGHTS OBJECTIVES  
AND CLOSE FUTURE CONSULTATION. CONSALVI AND FIGUEREDO AGREED WITH:  
CHANNELLING IFI FUNDS TOWARD THOSE WITH POSITIVE HUMAN RIGHTS  
RECORDS; CONTINUING TO TAKE ACCOUNT OF HUMAN RIGHTS IN THEIR  
NOTES ON LOANS AND RAISING CHANNELLING AND HUMAN RIGHTS ISSUE  
WITH OTHER LIKE MINDED COUNTRIES AND BANK

MANAGEMENTS. END SUMMARY

1. DAS SCHNEIDER, ACCOMPANIED BY CHARGE, MESSRS. LISTER  
AND BRADFORD AND POLCOUNS, CALLED ON FONMIN CONSALVI ON  
AUGUST 18. SCHNEIDER EXPLAINED USG VIEW THAT THE  
INTERNATIONAL FINANCIAL INSTITUTIONS (IFI'S) SHOULD TAKE  
HUMAN RIGHTS INTO CONSIDERATION NOT ONLY IN THE GRANTING  
OF LOANS BUT ALSO IN THEIR LONG RANGE PLANNING IN SUCH  
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A WAY AS TO, OVER THE LONG RUN, ALLOCATE GREATER RESOURCES  
TO GOVERNMENTS WHICH OBSERVE HUMAN RIGHTS THAN  
TO REPRESSIVE ONES. HE EXPLAINED THAT THIS POSTURE ON THE  
PART OF THE IFI'S WOULD, IN THE LONG RUN, HELP STRENGTHEN  
THEM.

2. CONSALVI EXPLAINED THAT THE GOV

DOES NOT HAVE A FORMAL MECHANISM FOR DECIDING HOW VENEZUELA WILL VOTE ON LOANS IN THE IFI'S. THE KEY GOV ORGANIZATION FOR SUCH MATTERS WAS THE VENEZUELAN INVESTMENT FUND HEADED BY MINISTER HURTADO WHO CONSULTED WITH PRESIDENT PEREZ AND WITH HIM (CONSALVI). CONSALVI WENT ON TO SAY THAT THE GOV AGREED FULLY WITH THE US ATTITUDE ON SPECIFIC LOANS AS WELL AS ON THE LONG RANGE PLANNING OF THE IFI'S. HUMAN RIGHTS SHOULD BE IMPLEMENTED ACROSS THE BOARD, OTHERWISE, HE SAID, HUMAN RIGHTS WOULD SIMPLY BE A SLOGAN WITH NO CONTENT. CONSALVI SUGGESTED THAT OTHER COUNTRIES SHOULD ALSO BE CONSULTED, AND HE ASKED DAS SCHNEIDER WHETHER THE LATTER WAS GOING TO ECUADOR AND PERU. WHEN SCHNEIDER SAID NO, CONSALVI VOLUNTEERED THAT HE WOULD BE GOING TO PERU THE FOLLOWING WEEK AND WOULD RAISE THE ISSUE WITH THE GOP. SCHNEIDER SAID THAT THE USG NOW INFORMS LIKE-MINDED EUROPEAN COUNTRIES OF HOW THE US WILL VOTE ON IFI LOANS AND THAT THE USG WOULD DO THE SAME WITH VENEZUELA. CONSALVI SAID THAT THIS WAS A GOOD IDEA AND HOPED THAT IT COULD TAKE PLACE. VENEZUELA WOULD LIKE TO COOPERATE AS CLOSELY WITH THE US ON THIS AS IT DOES ON CONVENTIONAL ARMS RESTRAINT. HE SAID THAT IDEALLY THE INFORMATION SHOULD BE PASSED ON NOT ONLY TO HIM BUT ALSO TO THE HEAD OF THE VENEZUELAN INVESTMENT FUND. SCHNEIDER SAID THIS WOULD BE DONE AND THAT WE WOULD WORK OUT A PROCEDURE FOR DOING SO.

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3. THE CONSULTATIONS ON THE ECONOMIC SIDE OF THE FOREIGN AFFAIRS STREET INCLUDED ONE SESSION WITH BOTH MINISTER FOR INTERNATIONAL ECONOMIC AFFAIRS, DR. MANUEL PEREZ GUERRIRO, AND DR. REINALDO FIGUEREDO, PRESIDENT OF THE FOREIGN TRADE INSTITUTE AND A SEPARATE MEETING WITH CESAR EGANA, ACTING PRESIDENT OF THE VENEZUELAN INVESTMENT FUND.

4. PEREZ GUERRERO AND FIGUEREDO BOTH EXPRESSED SUPPORT FOR THE GENERAL

HUMAN RIGHTS POLICY THRUST OF THE CARTER ADMINISTRATION AND INDICATED THAT THEY WOULD CONTINUE TO FOLLOW THE PREVIOUS LINE EXPRESSED IN THEIR OPPOSITION TO THE CHILEAN LOAN IN THE IDB OF TAKING HUMAN RIGHTS FACTORS INTO ACCOUNT IN COMING TO DECISIONS ON BANK LOANS. THEY EXPRESSED THE SENSITIVITY OF SUCH ACTION ON THEIR RELATIONS WITH OTHERS IN THE HEMISPHERE AND ON OTHER VENEZUELAN INTERESTS SUCH AS ANDEAN/INTEGRATION. NEVERTHELESS BOTH FIGUEREDO AND PEREZ GUERRERO EMPHASIZED THE DIFFICULTIES OF MAKING DISTINCTIONS ON THIS SUBJECT AND DETERMINING PRECISELY AT WHAT POINT IT WAS APPROPRIATE FOR PRESSURE TO BE PLACED ON A COUNTRY FOR HUMAN RIGHTS REASONS EXPRESSED THROUGH A BANK VOTE. PEREZ GUERRERO EXPLAINED THAT PRESIDENTS CARTER AND PEREZ HAD TALKED SEVERAL TIMES ABOUT HUMAN RIGHTS AND THAT THE GOV WOULD

CONTINUE WORKING TOGETHER WITH THE US ON THIS ISSUE. PEREZ GUERRERO AND FIGUEREDO EXPRESSED THE DESIRE TO EXCHANGE INFORMATION WHEN EITHER COUNTRY HAD DECIDED TO VOTE AGAINST A PARTICULAR LOAN ON HUMAN RIGHTS GROUNDS. PEREZ GUERRO SAID IT WOULD BE EVEN BETTER TO CONSULT BEFORE A FIRM DECISION ON VOTING HAD BEEN REACHED.

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C O N F I D E N T I A L SECTION 2 OF 2 CARACAS 7750

5. THEY RESPONDED POSITIVELY TO THE WILLINGNESS EXPRESSED EARLIER BY CONSALVI TO TALK TO LIKE-MINDED LATIN AMERICAN COUNTRIES SUCH COLOMBIA, PERU AND MEXICO ABOUT TAKING HUMAN RIGHTS INTO ACCOUNT IN THE IFI'S. THEY WERE LESS FORTHCOMING ALTHOUGH THEY UNDERSTOOD OUR POINT AS TO THE POSSIBILITY OF ENCOURAGING CHANNELLING THROUGH DISCUSSIONS WITH BANK MANAGEMENTS. THEY HAD MANY OTHER ITEMS ON THE AGENDA FOR DISCUSSION WITH USG COVERING INTERNATIONAL ECONOMIC ISSUES. PEREZ GUERRERO EXPRESSED DEEP CONCERN ABOUT US ECONOMIC PROBLEMS AND THEIR IMPACT ON OTHER NATIONS. HE ALSO EXPRESSED SERIOUS MISGIVINGS ABOUT THE LACK OF US ACTION ON TRADE, COMMODITY PRICING AND THE COMMON FUND. HOWEVER, THE STRONGEST RESERVATIONS WERE CONCENTRATED BY BOTH PEREZ GUERRERO AND FIGUEREDO ON THEIR PERCEPTION THAT THE US CONTINUES TO SUPPORT THE UNREALISTICALLY RIGID IMF STABILIZATION POLICIES WHICH HAVE IMPOSED HEAVY POLITICAL AND SOCIAL COSTS. THEY EMPHASIZED THAT IN COUNTRIES SUCH AS PERU AND JAMAICA THE IMMEDIATE IMPACT OF THOSE STABLIZATION REQUIREMENTS THREATENS DEMOCRATIC OBJECTIVES. THEY EXPRESSED THE HOPE THE US WOULD JOIN WITH THEM, WITHOUT ABANDONING TRADITIONAL IMF CONCERNS, AND, OVER TIME, IN EXPLORING WAYS TO CUSHION SOCIAL AND POLITICAL CONSEQUENCIES OF IMF PROGRAMS. (E.G. THEY NOTED THAT PERUVIAN GOVERNMENT WOULD HAVE TO DISMISS 10,000 PUBLIC EMPLOYEES BY THE END OF THE YEAR

AND A TOTAL OF 20,000 OVER TWO YEARS). WITH REGARD TO THE COMMON  
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FUND,  
PEREZ GUERRERO SAID HE HOPED THAT IN THE UPCOMING N.Y.  
MEETING, THE USG WOULD TAKE A MORE POSITIVE POSITION TO PROMOTE  
CONCRETE ACTION BY THE END OF 1978. (ADDITIONAL COMMENTS ON THESE  
ISSUES IN MEMCONS TO FOLLOW).

6. DISCUSSIONS WERE FRIENDLY, RELAXED AND FRANK AND THE VENEZUELAN  
OFFERED THOUGHTFUL, CONSTRUCTIVE COMMENTS ON THESE WIDE RANGING  
ISSUES.

7. EGANA EMPAHSIZED THAT STATE-TREASURY TEAMS'S CONVERSATION  
WITH CONSALVI (EMPHASIZING SUPPORT FOR TAKING HUMAN RIGHTS INTO  
CONSIDERATION IN THE IFI'S) REPRESENTED GOV POLICY IN THAT CONSALVI  
WAS SPEAKING FOR  
PRESIDENT PEREZ. HE EMPHASIZED HIS PERSONAL VIEW, WHICH SUPPORTED  
HUMAN RIGHTS, AS INCLUDING SUBSTANTIVE CONCERN AND MISGIVINGS  
ABOUT IMPLEMENTING HUMAN RIGHTS POLICIES WITH THE MANAGEMENTS OF  
THE IFI'S. HE POLITELY BUT ARTICULATELY QUESTIONED THE APPROPRIATE-  
NESS OF WITHHOLDING ECONOMIC ASSISTANCE FROM COUNTRIES WITH HUMAN  
RIGHTS  
PROBLEMS AS A POLICY WHICH MIGHT PREVENT THEM DEVELOPING  
ECONOMICALLY THEREBY PREVENTING THEM FROM IMPROVING THEIR HUMAN  
RIGHTS SITUATION.  
CROWLEY

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## Message Attributes

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